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**From:** Moraff, Kenneth [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=B6170EF3BAEF40C3BDECAB56FD74B07A-MORAFF, KENNETH]  
**Sent:** 10/21/2020 6:44:42 PM  
**To:** R1\_WD\_Managers\_SG [R1\_WD\_Managers\_SG@epa.gov]  
**Subject:** FW: OW-The Morning Insider

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**From:** Varnado, Miriam <Varnado.Miriam@epa.gov>  
**Sent:** Wednesday, October 21, 2020 12:10 PM  
**To:** Water Program Contact List - Directors <Water\_Program\_Contact\_List\_\_Directors@epa.gov>  
**Cc:** Water Program Contact List - Deputy Directors <Water\_Program\_Contact\_List\_\_Deputy\_Directors@epa.gov>; Jones, Erica <Jones.Erica@epa.gov>; Looper, Catherine <Looper.Catherine@epa.gov>; Marcus, Pam <marcus.pam@epa.gov>  
**Subject:** FW: OW-The Morning Insider

Hello All,

FYI... see below.

Regards,  
Miriam

***Miriam Varnado***

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**From:** Lousberg, Macara <Lousberg.Macara@epa.gov>  
**Sent:** Wednesday, October 21, 2020 7:29 AM  
**To:** Varnado, Miriam <Varnado.Miriam@epa.gov>; Akopian, Natalia <akopian.natalia@epa.gov>; Corona, Joel <Corona.Joel@epa.gov>; Gorke, Roger <Gorke.Roger@epa.gov>; Graf, Kate <Graf.Kate@epa.gov>; Gude, Karen <Gude.Karen@epa.gov>; Lousberg, Macara <Lousberg.Macara@epa.gov>; Mahadwar, Gouri <Mahadwar.Gouri@epa.gov>; McMiller, Nettie <McMiller.Nettie@epa.gov>; Rose, Bob <Rose.Bob@epa.gov>; Ruf, Christine <Ruf.Christine@epa.gov>; Trombley, Michael <Trombley.Michael@epa.gov>  
**Subject:** FW: OW-The Morning Insider

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**From:** Fuld, John <Fuld.John@epa.gov>  
**Sent:** Wednesday, October 21, 2020 8:14 AM  
**To:** Aguirre, Janita <Aguirre.Janita@epa.gov>; Bertrand, Charlotte <Bertrand.Charlotte@epa.gov>; Best-Wong, Benita <Best-Wong.Benita@epa.gov>; Bravo, Antonio <Bravo.Antonio@epa.gov>; Connors, Sandra <Connors.Sandra@epa.gov>; Drinkard, Andrea <Drinkard.Andrea@epa.gov>; Forsgren, Lee <Forsgren.Lee@epa.gov>; Gilbertson, Sue <gilbertson.sue@epa.gov>; Goodin, John <Goodin.John@epa.gov>; Kramer, Jessica L. <kramer.jessical@epa.gov>; Lalley, Cara <Lalley.Cara@epa.gov>; Lape, Jeff <lape.jeff@epa.gov>; Lippert, Allison <lippert.allison@epa.gov>; Lousberg, Macara <Lousberg.Macara@epa.gov>; McDonough, Owen <mcdonough.owen@epa.gov>; McLain, Jennifer L. <McLain.Jennifer@epa.gov>; Miller, Wynne <Miller.Wynne@epa.gov>; Nagle, Deborah <Nagle.Deborah@epa.gov>; PerezSullivan, Margot

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**Subject:** OW-The Morning Insider



**October 21, 2020**

## **NEWS**

### **CBS Baltimore: EPA Awards Over \$20M To Maryland For Drinking Water Improvement Projects**

BALTIMORE — The U.S. Environmental Protection Agency announced Tuesday it has awarded over \$20 million to Maryland for drinking water improvement projects throughout the state.

### **Water Briefing Global: US Environmental Protection Agency announces \$156m water infra loan for City of Memphis**

The U.S. Environmental Protection Agency (EPA) has announced a \$156 million Water Infrastructure Finance and Innovation Act (WIFIA) loan to the City of Memphis, Tennessee, for upgrades to the T.E. Maxson Wastewater Treatment Facility.

### **Patch: San Mateo: Clean Water Program Earns Multi-Million-Dollar EPA Loan Approval**

SAN MATEO, Calif. – The City of San Mateo, in partnership with Foster City, has succeeded in its application for a \$277 million Water Infrastructure Finance and Innovation Act loan from the U.S. Environmental Protection Agency to support the Clean Water Program.

### **Inside EPA: EPN Raises Concerns EPA Affordability Guide Will Delay CWA Compliance**

A group of former EPA officials and staff is raising concerns about the agency's proposed changes to guidance on calculating whether wastewater utilities can afford required infrastructure improvements, saying the modifications will extend the time utilities are out of compliance with the Clean Water Act (CWA) and urging other options.

## **FULL ARTICLE**

### CBS Baltimore: EPA Awards Over \$20M To Maryland For Drinking Water Improvement Projects

BALTIMORE — The U.S. Environmental Protection Agency announced Tuesday it has awarded over \$20 million to Maryland for drinking water improvement projects throughout the state.

This grant, along with \$4 million in state matching funds, further capitalizes on Maryland's Drinking Water State Revolving Fund (DWSRF) Program that provides low-interest loans to communities for drinking water projects.

The grant money will be combined with repayments from prior loans and interest earnings to provide direct funding to communities.

"EPA's continued commitment to supporting infrastructure projects with our state and local partners helps ensure residents have affordable access to safe drinking water and cleaner waterways," EPA Mid-Atlantic Regional Administrator Cosmo Servidio said. "EPA is proud to support projects throughout Maryland that support public health by improving drinking water."

One project included this year is additional funding to construct two underground water storage tanks and an upgraded water purification system for Baltimore City. The tanks will be used to store finished water that is available for distribution after going through treatment.

### Water Briefing Global: US Environmental Protection Agency announces \$156m water infra loan for City of Memphis

The U.S. Environmental Protection Agency (EPA) has announced a \$156 million Water Infrastructure Finance and Innovation Act (WIFIA) loan to the City of Memphis, Tennessee, for upgrades to the T.E. Maxson Wastewater Treatment Facility.

Administrator Mary S. Walker signed a Memorandum of Understanding (MOU) with Commissioner Charlie Hatcher, D.V.M. of the Tennessee Department of Agriculture (TDA) to establish collaborative efforts and foster relationships between agencies.

Mary S. Walker commented:

"This MOU with the Tennessee Department of Agriculture establishes a framework for our agencies to collaborate better, enhance training opportunities, focus on accomplishing mutual goals, and further common interests in protecting the environment."

TDA Commissioner Charlie Hatcher, D.V.M. said the agreement would further enhance efforts to provide the right tools and resources producers need to ensure their productivity and viability for years to come.

The MOU between EPA and the Tennessee Department of Agriculture includes education and outreach; communication/coordination; and recognition of environmental stewardship activities.

Farming dominates the Tennessee's landscape, with approximately 77,300 farms covering 10.8 million acres, or 41% of the state's 26.4 million land acres.

### Patch: San Mateo: Clean Water Program Earns Multi-Million-Dollar EPA Loan Approval

SAN MATEO, Calif. – The City of San Mateo, in partnership with Foster City, has succeeded in its application for a \$277 million Water Infrastructure Finance and Innovation Act loan from the U.S. Environmental Protection Agency to support the Clean Water Program.

The Clean Water Program is a \$1 billion, 10-year capital infrastructure improvement program to repair, replace, and upgrade aging sewage conveyance and wastewater treatment infrastructure, serving approximately 170,000 residents in San Mateo, Foster City, Crystal Springs County Sanitation District, and portions of Hillsborough, Belmont, and San Mateo County. This infrastructure improvement program will help ensure heavy rainstorms don't contaminate San Mateo's streets, creeks, lagoons, beaches, and ultimately, San Francisco Bay.

The WIFIA loan will save residents and ratepayers up to \$55.4 million in interest costs as the loan will fund nearly half of the critical upgrades and expansion of San Mateo's wastewater treatment plant.

On Monday, Oct. 19, 2020, San Mateo City Council gave staff approval to proceed with the finalization of the loan agreement. A second WIFIA loan offer from the EPA of \$85 million is still being considered.

The Clean Water Program, San Mateo Public Works Department's largest initiative, is one of only six programs in the Bay Area, and 39 such programs across the country, shortlisted for the federal WIFIA loan. The loan will help to pay for the modernization of the City's wastewater treatment plant, which will improve the quality of water discharged into the San Francisco Bay. Construction on the state-of-the-art treatment plant began in September 2019 and is expected to conclude in 2024.

"As we sought funding solutions for our \$1 billion program, the WIFIA funding became vital to our funding structure and we are thankful for the encouragement from our City Council and the advocacy of our federal partners to see it through," said Brad Underwood, San Mateo's Public Works director.

To view the complete council agenda item, visit: [City Council Oct. 19, 2020](#)

### **About the Clean Water Program**

The Clean Water Program is a comprehensive plan to upgrade San Mateo's wastewater collection system and wastewater treatment plant to provide reliable service for years to come.

The \$1 billion initiative launched in 2015 to modernize the San Mateo sewer system, a response to a Cease and Desist Order from the State of California mandating a sewer system upgrade to eliminate sewer overflows from entering the San Francisco Bay.

The Clean Water Program is intended to meet the following goals: to replace the aging pipes and facilities that have reached or are nearing their lifespan of 50-60 years; to meet current and future regulatory requirements and increase system capacity during heavy rains; and to align with long-term sustainability goals. Improvements to the wastewater treatment plant and sewer collection system will protect public health and the health of San Francisco Bay.

Visit the [Clean Water Program website](#) for more information.

### **About WIFIA**

Established by the Water Infrastructure Finance and Innovation Act of 2014, the WIFIA program is a federal loan and guarantee program at the EPA that aims to accelerate investment in the nation's water infrastructure by providing long-term, low-cost supplemental credit assistance for regionally- and nationally-significant projects.

EPA's WIFIA loans allow large and small communities across the country to implement projects to address two national water priorities – providing for clean and safe drinking water, including reducing exposure to lead and other contaminants, and addressing aging infrastructure.

According to the EPA's estimate of national drinking water and wastewater needs, more than \$743 billion is needed for water infrastructure improvements. The EPA's WIFIA program plays an important part in fulfilling this need and in the President's Infrastructure Plan, which calls for expanding project eligibility.

Visit the [WIFIA website](#) for more information about the program.

#### Inside EPA: EPN Raises Concerns EPA Affordability Guide Will Delay CWA Compliance

A group of former EPA officials and staff is raising concerns about the agency's proposed changes to guidance on calculating whether wastewater utilities can afford required infrastructure improvements, saying the modifications will extend the time utilities are out of compliance with the Clean Water Act (CWA) and urging other options.

The Environmental Protection Network (EPN) of EPA alumni in [Oct. 19 comments](#) to the agency says it acknowledges some benefit to providing additional metrics and boundaries around the affordability assessment. EPN says it also recognizes the additional metrics and tools proposed in the new guidance may help present a more complete picture of the financial capabilities of communities and the impact of project costs on their residents.

But “[u]nder the revised Guidance, it appears likely that more projects will be allowed extended schedules to come into compliance with CWA requirements and that time extensions are likely to be longer than under the existing guidance,” says the group.

In light of these concerns, EPN recommends that EPA consider options to address the affordability of water projects for low-income residents using tools other than compliance extensions, including development of adjusted rate structures, expanded use of financing measures to reduce water system compliance costs, and consideration of water quality standards variances already authorized in EPA regulations.

EPN says EPA should give special consideration to integrating decisions concerning compliance schedules, financing, rate structures, and water quality standards to deliver compliance that is both prompt and affordable. If EPA identifies water systems where no combination of existing tools can address affordability concerns, the agency should identify and propose new financial assistance authorities to support prompt compliance with health and environmental standards rather than policies that extend health and environmental risks indefinitely for low-income populations, EPN says.

The comments are the latest concerns that EPN has raised over Trump administration environmental policies. In August, the group -- with the backing of a bipartisan coalition of six former EPA chiefs -- issued [a report calling for a “reset” of the agency](#) so that it can tackle looming major environmental issues such as climate change with a forward-looking plan that includes removing politics from its scientific and economic analyses.

That report also made media-specific recommendations for EPA, including highlighting a “continuing need” to boost funding for drinking water infrastructure and upgrading aging treatment and collection systems.

### **Proposed Revisions**

EPA in September released its Proposed 2020 Financial Capability Assessment (FCA) for Clean Water Act Obligations and took comment on the document until Oct. 19. The proposed revisions adopt calls from municipal entities to better account for residents’ ability to afford rate increases, in part by allowing the use of a cash-flow forecasting model as an alternative to a revised version of the agency’s existing two-phased approach for calculating financial capability that relies in part on a percentage of median household income.

Utility groups say the proposed changes are an improvement over existing guidance and support its finalization but are urging refinement to the document.

EPN in its comments outlines a number of concerns with extending compliance deadlines under the guidance, starting with unnecessary health and environmental risks. Prompt correction of violations of the CWA is essential to protecting public health and safety, and environmental quality, and current practices for determining the length of compliance periods for resolving violations of these laws have been effective, the comments say. EPA needs to justify why the proposed changes are necessary, EPN says.

Other concerns include the guidance’s potential authorization of noncompliance for an undefined period, failure to consider alternative rate structures in addressing affordability, failure to consider financing measuring to address affordability, inefficient use of water infrastructure financial capability, failure to evaluate the impact of aggregation of wastewater and drinking water rates, and significant change to the water quality standard revision process.

For example, EPN says the guidance does not address the opportunity that states and water systems have to address affordability by using a reduced or negative interest rate for compliance projects funded with clean water state revolving funds (SRFs). “A decision by a state SRF to reduce the interest rate charged on a loan for a compliance project can substantially reduce annual payments and help avoid cost increases for all customers,” the comments say.

EPN also says the guidance undermines the nation’s ability to finance the large backlog of needed water system infrastructure improvements by diverting limited ratepayer dollars from direct system improvements to increased financing charges that are associated with longer compliance schedules.

The proposed guidance would allow the consideration of combined CWA and Safe Drinking Water Act compliance costs, with the agency noting that many ratepayers receive one bill for wastewater and drinking water services. EPN says this is a significant change to current practice in determining affordability in the context of an enforcement action, which is to consider the burden imposed under just the statute being violated.

“By considering the combined rates of water and sewer utilities, rather than just clean water or just drinking water rates, the number of customers with rates deemed to be an unaffordable burden justifying a compliance extension is likely to significantly increase,” EPN says.

EPN also faults the guide's proposed revisions to procedures that allow lowering of CWA water quality standards, either temporarily through a water quality standard variance or permanently through a change in designated use.

"It is critical that this Guidance discuss the impact of lowering water quality on downstream source water, fisheries, and recreational waters. The Guidance does not mention these impacts despite the fact that it allows wastewater and stormwater treatment to be delayed potentially for decades, leading to downstream contamination from toxics, harmful algal blooms, and pathogens that can threaten the health of downstream communities and increase the costs of drinking water treatment to meet national standards," EPN says.

Drinking water utilities and municipalities are also urging EPA to clarify some aspects of the proposed guidance, although they are generally supportive of the agency's approach.

In addition to backing joint comments with wastewater utilities seeking refinement of the guidance, the American Water Works Association (AWWA) in separate [Oct. 19 comments](#) details the provisions the drinking water utility group believes should remain unchanged in the guidance and those that should be modified.

AWWA says the guide's clear directive to consider drinking water-related costs in determining the community-level burden should remain because the costs associated with one water-related service necessarily impact those of others.

AWWA says EPA should proceed expeditiously with finalizing the guide but seeks clarifications on: how the use of 2 percent income thresholds will be applied in situations where more than one water service is being assessed; the agency's intent in saying the compliance schedule should not exceed the useful life of the community's water infrastructure assets; integration of all water-related costs into the guidance to include drinking water, stormwater, wastewater and water reuse; and household size concerns, which is one of the factors that drives water costs although AWWA says it is not appropriate to assume that costs will be directly proportional to household size.

Additionally, AWWA says EPA should work collaboratively in developing fact sheets and tools on key implementation aspects, should clarify its discussions around water pricing and the consumer price index and should take steps to ensure that there are similar revisions to guidance for setting water quality standards.

### **'Much-Needed Relief'**

A group of Great Lakes area municipalities and public utility organizations echoes many of the recommendations made by AWWA and other water utility groups in its own [Oct. 19 comments](#).

Capital Region Water of Harrisburg, PA; Evansville, IN, Water and Sewer Utility; Gary, IN, Sanitary Districts; Lancaster, PA; Muncie, IN, Sanitary District; Terre Haute, IN; and the Illinois Association of Wastewater Agencies say, "The Proposed Guidance, if adopted, would provide much-needed relief to communities struggling to fund increasing costs with limited resources."

But they also suggest some clarifications. For example, the municipalities support EPA's intent to incorporate concepts from the proposed guidance into water quality standards decisions but say the agency's discussion of how it uses a community's FCA implies that financial capability is relevant only to the schedule for

implementation of water-related obligations. “To avoid confusion, we recommend that EPA clarify that financial capability can affect more than just the length of an implementation schedule.”

Additionally, they say they are concerned at EPA’s multiple declarations that an implementation schedule cannot exceed the useful life of the community’s water infrastructure assets because it is not clear how the useful life of those assets would be determined, or why that should serve as the upper bound of an implementation schedule.

And they encourage EPA to consider having its Municipal Ombudsman, a relatively new position at the agency, help facilitate implementation of the guidance. “In the past, disagreements between communities and the Agency about financial capability issues have taken significant time and resources, in some instances substantially delaying implementation of water quality improvements,” they say. “It would be helpful if EPA provided guidance in the future to promote use of the Ombudsman to help resolve disputed issues before any community is forced to spend significant resources on implementation.

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